

Investment, Governance and Engagement Sub Committee

Item 2 – Paper A

ACTIONS AND AGREEMENTS

MEETING HELD ON 30th May 2018 – 1.00pm to 3.00pm

At 18 Smith Square, Westminster, London SW1P 3HZ

PRESENT

Cllr Denise Le Gal	Chair
Mike Elsmore	CIPFA
Ian Greenwood	LAPFF
Peter Wallach	Practitioner
Glyn Jenkins	Members (Unison)
George Georgiou	Members (GMB)
Annemarie Allen	Actuaries (Barnett Waddingham)
Sam Wreford	Actuaries (Mercer)
David Walker	Actuaries (Hymans)
Colin Cartwright	Actuaries (AonHewitt)
Jeff Houston	Board Secretary, LGA
Bob Holloway	Pensions Secretary, LGA
Liam Robson	LGA

APOLOGIES

There were apologies from Mark Wynn and Rodney Barton. All other members (or substitutes) were present.

1. Welcome and introductions

The Chair welcomed all in attendance to the meeting.

2. Actions and agreements from meeting of 5th February 2018

The minutes of the previous meeting were agreed.

3. MiFIDII update

Jeff Houston (JH) provided an update on the guidance for LGPS funds and investment managers, a copy of which was included in the meeting pack. The guidance had been drafted by Simmons and Simmons with the Investment Association and specific to UK LGPS clients.

Feedback following the opt up process from investment managers with current LGPS clients had highlighted short terms of service on pension committees and minimal levels of training in some cases.

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Questions answered included confirming that new LGPS clients would be required to opt up with tendering investment managers (if new clients or asset types) and that third parties, i.e. admitted employer representatives, should not attend meetings that cover areas falling under MiFIDII if they have not been opted up.

4. Pooling investments – Cross Pool Forum proposal - Update

JH clarified the wording around member representation and that 3 members representatives from each of the 8 pools would give a total of 24. This was agreed and the selection process could start.

The committee also noted that at the last Board meeting, it was agreed that the wording of the Board statement on Investment Pool governance could be strengthened to include 'comply or explain' if member representation on was not given.

It was understood that currently all Investment Pools had a least one member representative, and that the Board intended to publish details for pool structures on the website.

5. LA owned companies: QC's opinion on pension rights

The committee discussed the advice given in consultation and in writing on employer wholly owned companies, a copy of which would be uploaded to the Board website. The opinion covered equal pay, Fair Deal, TUPE and auto-enrolment legislation and LGPS employer admissions.

A Ministry of Housing, Communities and Local Government (MHCLG) consultation on Fair Deal was expected later in the year.

6. Cost Transparency – Report from procurement group

JH updated the committee on the work of the FCA's Institutional Disclosure Working Party which was developing enhanced templates for all asset classes. The group was next due to meet on 16th June, after which it was expected that initial templates would be published. The Board would then be expecting to agree adoption of the IDWG templates for the LGPS Transparency Code.

The Board secretariat had also been working with CIPFA and Cabinet office to ensure that both transparency improvements and cost savings from pooling are captured in LGPS fund annual reports.

Updated statutory guidance would be introduced for the next reporting year (2019/2020).

Included in the meeting pack was an update paper and outline of the next stages of the procurement group's work, scoping the costs and resources required for obtaining the system both on the basis of external procurement and an 'in-house' model solution.

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Both offline and online solutions were potential options, however, it was reported that portals covering the IDWG template were already being developed by Fintech organisations and offered significant advantages to providers, investment managers and clients.

The timeline outlined was for a detailed initial proposal to be ready for approval at the Board meeting on 27th June and for the solution to be in operation as soon as possible.

AGREED and ACTION – that the Secretariat should continue to monitor the Code reporting process and report back to the committee when appropriate.

7. Carillion liquidation - Update

Further to the work the secretariat had completed previously to ascertain the overall impact of Carillion on the Scheme, no further research had been completed. It was reported that HM Treasury had made an enquiry into overall figures, and that Oxfordshire had raised a question around the timing of redundancy notices and transfers of employees back into the local authority.

Capita update – Though there had been no corporate event or action, given Capita's feature in the media, the secretariat had compiled a summary of Capita's participation in the Scheme for MHCLG. Capita administer six LGPS funds (including the two EA funds) and Capita companies have 26 admission agreements with 20 funds,. Capita had recently taken on administration of the Teachers' Pension Scheme and it was noted that administration contingency plans would be good practice across the sector.

8. Responsible Investment - Update

The committee were updated that a consultation paper was expected on 18th June. The outcome would likely involve change to secondary legislation rather than primary.

9. AOB

LGPS Scotland were due to consult on investment pooling later in June.

10. Date of next meeting

The date of the next meeting was to be confirmed.

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